

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



**FILED**

08-29-07  
04:59 PM

Order Instituting Rulemaking Regarding Policies, )  
Procedures and Incentives for Distributed ) Rulemaking 04-03-017  
Generation and Distributed Energy Resource )  
\_\_\_\_\_)

**RESPONSE OF POWERHOUSE ENERGY LLC IN SUPPORT OF  
FUEL CELL ENERGY INC.'S PETITION FOR MODIFICATION  
OF DECISION 04-12-045**

Pursuant to Rule 16.4(f) of the California Public Utilities Commission ("Commission") Rules of Practice and Procedure, PowerHouse Energy LLC (hereafter "PHE") submits this Response in support of Fuel Cell Energy Inc.'s ("FCE's") petition for modification of Decision 04-12-045 ("Petition").

PHE is a California-based company selling and installing cogeneration products within the state for the benefit of businesses seeking alternative energy solutions. PHE strongly supports FCE's request to increase the limit of incentive payments available under the Self-Generation Incentive Program ("SGIP") from the current cap of 1 MW to 3 MW for the following reasons:

- **The SGIP program has proven itself, and California companies have become more energy and environment conscious with a willingness to implement the advanced solutions. An expanded SGIP fuel cell program is a necessary step toward continued success.**
- **An increase in the SGIP from 1 to 3 MW using natural gas would allow larger users of electrical and thermal energy to implement more efficient technologies which utilize less fuel.**
- **An increase in the SGIP incentive cap using natural gas will open a larger marketplace that is increasingly, on a voluntary basis choosing to reduce green house gas emissions ahead of AB32 implementation.**

## **I. Introduction**

PHE currently and in the past has an active interest in achieving the goals and objectives of the SGIP program through many projects in northern and southern California. PHE agrees that increasing the SGIP incentive cap from 1 to 3 MW would provide new impetus to development of larger distributed generation (“DG”) applications, and help encourage further innovation and expansion of DG applications at a time when the state sorely needs reliable distributed energy and the most efficient use other fuel stocks, i.e. natural gas, widely used in the State.

## **II. PHE agrees with FCE that the SGIP Program effectively encourages small to medium DG customers, but leaves the medium to larger DG customers without a solution.**

### **A. There are important differences between small (<1 MW) and larger DG technologies, markets and applications.**

The economic value proposition to all stakeholders is enhanced with larger DG systems. There is an increasing market demand for DG between 1 and 3 MW that more closely meet the requirements of end user customers. There is currently a void in the marketplace in California, particularly in areas that are exposed to air quality issues preventing many of the prime movers utilized in the past to be implemented with ever increased ratcheting of air quality standards throughout the State. Voluntary attempts by State, Federal, Industrial and Commercial customers to reduce green house gas emissions ahead of AB32 regulations are currently thwarted as they attempt to utilize waste heat to offset existing combustion technologies (i.e. boilers, chillers). End users are demanding higher efficiency out of any fuel source and many could reduce emissions to a greater extent by installing larger DG units.

**B. PHE agrees that the cap on incentives for larger DG installations is inhibiting development of this important market sector.**

FCE is correct in stating that larger customers cannot participate in SGIP because the MW cap on incentives deters larger installations as they become uneconomical and too risky to develop. Development is further hindered when a developer or end user customer attempts to match thermal loads at a customer site to maximize the reductions of green house gases emissions within the spirit and intent of AB32, and particularly acute when using renewable fuel sources from methane gas or waste hydrogen.

**C. Since the markets for large and small DG are distinct and often not competing with each other, raising the MW cap is a “win/win” proposition.**

Raising the cap to encourage new, larger applications will not negatively affect smaller, since the two groups are reaching different customers. If the Commission is concerned about running out of funding, it can monitor participation, distribute money between large and small, or (this is the optimal solution) increase the budget to ensure that both large and small DG markets grow.

In conclusion, the PHE strongly recommends an increase in the SGIP MW limit to at least 3 MWs.

Dated: August 29, 2007

Respectfully submitted,

/s/

---

David M. Moard  
President  
PowerHouse Energy  
145 N. Sierra Madre Blvd., Suite 4  
Pasadena, CA 91107  
(626) 383-3338 – Telephone  
(626) 683-3339 – Facsimile  
dmoard@powerhouseenergy.net

PROOF OF SERVICE

I declare that:

I am employed in the County of Sacramento, State of California. I am over the age of eighteen years and am not a party to the within action. My business address is ELLISON, SCHNEIDER & HARRIS; 2015 H Street; Sacramento, California 95814-3109; telephone (916) 447-2166.

On August 29, 2007, I served the attached *Response of Powerhouse Energy LLC in Support of Fuel Cell Energy Inc.'s Petition for Modification of Decision 04-12-045* by electronic mail or, if no e-mail address was provided, by United States mail at Sacramento, California, addressed to each person shown on the attached service list.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on August 29, 2007, at Sacramento, California.

/s/

\_\_\_\_\_  
Karen A. Mitchell

**SERVICE LIST**  
**R.04-03-017**

filings@a-klaw.com  
nes@a-klaw.com  
skronland@altshulerberzon.com  
mike@borregosolar.com  
rliebert@cfbf.com  
jsanders@caiso.com  
fortlieb@sandiego.gov  
tomb@crossborderenergy.com  
atrowbridge@daycartermurphy.com  
steveng@destrategies.com  
steve@energyinnovations.com  
bernadette@environmentcalifornia.org  
mharrison@firstsolar.com  
markgps@sbcglobal.net  
jwiedman@goodinmacbride.com  
mday@gmssr.com  
michaelkyes@sbcglobal.net  
wbooth@booth-law.com  
meganmmyers@yahoo.com  
ssmyers@att.net  
solar@oxypower.com  
rjl9@pge.com  
ksmith@powerlight.com  
harveyederpspc.org@hotmail.com  
arno@recurrentenergy.com  
lglover@solidsolar.com  
karly@solardevelop.com  
pairedhelix@cox.net  
amber.dean@sce.com  
case.admin@sce.com  
mike.montoya@sce.com  
spatrick@sempra.com  
Dan.Thompson@SPGsolar.com  
rob@sunlightelectric.com  
kmccrea@sablaw.com  
leewallach@coejlsc.com  
freedman@turn.org  
jpross@votesolar.org  
obrienc@sharpsec.com  
lnelson@westernrenewables.com  
edward.randolph@asm.ca.gov  
zca@cpuc.ca.gov  
vjb@cpuc.ca.gov  
wmb@cpuc.ca.gov  
apeterso@energy.state.ca.us  
Bblackbu@energy.state.ca.us  
djohnson@energy.state.ca.us  
jsugar@energy.state.ca.us  
ldecarlo@energy.state.ca.us  
rmacdona@energy.state.ca.us  
smiller@energy.state.ca.us

ttutt@energy.state.ca.us  
kroberts@cityofsacramento.org  
sc1@cpuc.ca.gov  
psd@cpuc.ca.gov  
dot@cpuc.ca.gov  
jf2@cpuc.ca.gov  
hcf@cpuc.ca.gov  
mxh@cpuc.ca.gov  
mrl@cpuc.ca.gov  
kim@cpuc.ca.gov  
lp1@cpuc.ca.gov  
tdp@cpuc.ca.gov  
brian.biering@resources.ca.gov  
mrawson@smud.org  
dks@cpuc.ca.gov  
aes@cpuc.ca.gov  
dsh@cpuc.ca.gov  
tam@cpuc.ca.gov  
tjt@cpuc.ca.gov  
pw1@cpuc.ca.gov  
mdjoseph@adamsbroadwell.com  
rishii@aesc-inc.com  
johnredding@earthlink.net  
brbarkovich@earthlink.net  
ceyap@earthlink.net  
rhwisner@lbl.gov  
mclaughlin@braunlegal.com  
blaising@braunlegal.com  
irene.stillings@energycenter.org  
jennifer.porter@energycenter.org  
Dan.adler@calcef.org  
editorial@californiaenergycircuit.net  
cem@newsdata.com  
e-recipient@caiso.com  
info@calseia.org  
janmcfar@sonic.net  
thamilton@cheers.org  
corie.cheeseman@miis.edu  
jkcliburn@gmail.com  
jeanne.clinton@earthlink.net  
thunt@cecmail.org  
steve@connectenergy.com  
scott@debenhamenergy.com  
liddell@energyattorney.com  
gbeck@etfinancial.com  
diane\_fellman@fpl.com  
hgross@globalgreen.org  
golden@goldenenergy.com  
bcragg@goodinmacbride.com  
npedersen@hanmor.com  
rcolicchia@harris-assoc.com  
George.Simons@itron.com  
tony.foster@itron.com  
Kurt.Scheuermann@itron.com  
nellie.tong@us.kema.com

breene@bkb.com  
twombly@kw-engineering.com  
hfhunt@optonline.net  
GLBarbose@LBL.gov  
jaturmbu@ix.netcom.com  
karen@klindh.com  
LowryD@sharpsec.com  
dhouck@ndnlaw.com  
FredMorse@MorseAssociatesInc.com  
mrw@mrwassoc.com  
robert\_margolis@nrel.gov  
dwang@nrdc.org  
aabed@navigantconsulting.com  
cpucrulings@navigantconsulting.com  
lpark@navigantconsulting.com  
lmerry1@yahoo.com  
scott.tomashefsky@ncpa.com  
mlrock@shocking.com  
andy@ongrid.net  
dwood8@cox.net  
dwood8@cox.net  
act6@pge.com  
jchs@pge.com  
jwwd@pge.com  
cpuccases@pge.com  
LATc@pge.com  
mnce@pge.com  
lisa\_weinzimer@platts.com  
barbee@mac.com  
jimross@r-c-s-inc.com  
coconnor@redwoodenergy.org  
darryl.conklin@renewable.com  
vwood@smud.org  
centralfiles@semprautilities.com  
cmanzuk@semprautilities.com  
CManson@semprautilities.com  
cfaber@semprautilities.com  
susan.freedman@sdenergy.org  
mhyams@sfwater.org  
scasey@sfwater.org  
shallenbgr@aol.com  
mkay@aqmd.gov  
hyao@semprautilities.com  
susank@bonair.stanford.edu  
pthompson@summitblue.com  
pforkin@tejassec.com  
clower@earthlink.net  
jiab@ucsc.edu  
scottanders@sandiego.edu

MARK SHIRILAU  
ALOHA SYSTEMS, INC.  
14801 COMET STREET  
IRVINE CA 92604-2464

PETER T. PARRISH  
CALIFORNIA SOLAR ENGINEERING, INC.  
820 CYNTHIA AVE.  
LOS ANGELES CA 90065

ROBERT PANORA  
TECOGEN, INC.  
45 FIRST AVENUE  
WALTHAM MA 02451